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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

MAR 01 2018

SEC FILE NUMBER
8-48635

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 478-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2017 AND ENDING 12/31/2017

MM/DD/YY

MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **US Discount Brokerage**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**17 E Kossuth St**

(No. and Street)

**Columbus**

**OH**

**43206**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Hobe & Lucas**

(Name - if individual, state last, first, middle name)

**4807 Rockside Rd Suite 510 Independence**

**OH**

**44131**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)


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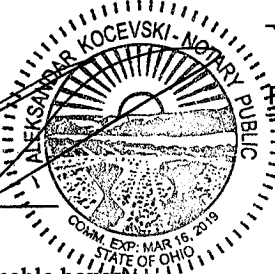
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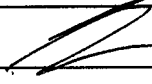
## OATH OR AFFIRMATION

I, Gregory Randall, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of US Discount Brokerage, as of FEBRUARY 27, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

N/A

  
Notary Public



  
Signature

\_\_\_\_\_  
President

\_\_\_\_\_  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**U.S. BROKERAGE, INC.**  
**Financial Statements**  
**Year Ended December 31, 2017**

**U.S. BROKERAGE, INC.**  
Financial Statements  
December 31, 2017

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**U.S. BROKERAGE, INC.**  
Statement of Financial Condition  
December 31, 2017

**ASSETS**

<b>Assets:</b>	
Cash	\$ 71,677
Deposits with clearing organizations	50,139
Securities owned at fair value - trading	3,277
Accounts receivable - trade	8,854
Equipment and furniture, net	-
Deposit and prepaids	<u>1,800</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 135,747</u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Liabilities:</b>	
Accounts payable	\$ 26,763
Accounts payable - commissions	40,530
Accrued settlement	20,000
Accrued wages	6,300
Accrued taxes	314
Distributions payable	<u>9,119</u>
<b>Total Liabilities</b>	<b><u>103,026</u></b>
<b>Stockholders' Equity:</b>	
Capital stock 8,000 shares authorized, issued and outstanding, no par value	17,332
Additional paid-in capital	189,339
Retained earnings	<u>36,009</u>
	242,680
Less: Treasury Stock, at cost	<u>209,959</u>
<b>Total Stockholders' Equity</b>	<b><u>32,721</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 135,747</u></b>

The accompanying notes are an integral part of these statements.

**U.S. BROKERAGE, INC.**  
**Statement of Operations**  
**Year Ended December 31, 2017**

Revenues - commissions and fees	\$ 842,515
Less:	
Clearing and execution costs and fees	44,230
Commissions expense	<u>564,172</u>
Net revenues	234,113
Operating expenses	<u>238,975</u>
Loss from operations	(4,862)
Other income(loss)	
Interest income	2,643
Trading account losses	(1,523)
Error income(expense)	(5,062)
Settlement expense	<u>(20,000)</u>
	<u>(23,942)</u>
Loss before taxes	(28,804)
City income taxes	<u>39</u>
<b>NET LOSS</b>	<b><u>\$ (28,843)</u></b>

The accompanying notes are an integral part of these statements.

**U.S. BROKERAGE, INC.**  
**Statement of Changes in Stockholders' Equity**  
**Year Ended December 31, 2017**

	<u>Capital Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>	<u>Less: Treasury Stock</u>	<u>Total</u>
Balance - beginning of year	\$ 17,332	\$ 189,339	\$ 75,329	\$ 282,000	\$ (209,959)	\$ 72,041
Current year net loss	-	-	(28,843)	(28,843)	-	(28,843)
Distributions paid	<u>-</u>	<u>-</u>	<u>(10,477)</u>	<u>(10,477)</u>	<u>-</u>	<u>(10,477)</u>
Balance - end of year	<u>\$ 17,332</u>	<u>\$ 189,339</u>	<u>\$ 36,009</u>	<u>\$ 242,680</u>	<u>\$ (209,959)</u>	<u>\$ 32,721</u>

The accompanying notes are an integral part of these statements.

**U.S. BROKERAGE, INC.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

**Cash Flows from Operating Activities:**

Net loss	\$ (28,843)
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	-
Unrealized Losses on trading securities	1,523
(Increase) decrease in:	
Deposits with clearing houses	(39)
Accounts receivable - trade	(5,545)
Prepaid expenses	(900)
Increase (decrease) in:	
Accounts payable	13,307
Accounts payable - commissions	(10,903)
Accrued settlements	20,000
Accrued taxes	39
	<hr/>
Net Cash Used by Operating Activities	(11,361)
 Cash Flows from Financing Activities:	
Distributions to shareholders	<hr/> (6,700)
 Net Decrease in Cash	(18,061)
 Cash at beginning of year	<hr/> 89,738
Cash at end of year	<hr/> \$ 71,677

The accompanying notes are an integral part of these statements.



**U.S. BROKERAGE, INC.**  
Notes to Financial Statements  
December 31, 2017

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

U.S. Brokerage, Inc. (Company) was incorporated under the laws of the State of Ohio on August 28, 1995. The Company is a securities broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal office is located in Columbus, Ohio.

**Basis of Accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Income Taxes**

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements. Reporting years ending after December 31, 2014 are subject to examination by major taxing authorities.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Advertising**

The Company follows the policy of charging the costs of advertising to expense as incurred.

**Adoption of New Accounting Standard**

In May of 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09 "Revenue from Contracts with Customers". The core principle of the standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which entity expects to be entitled in exchange for those goods or services.

This standard is effective for calendar years starting in 2018. Management does not expect that the adoption of this standard to have a material impact on operations or the reporting for those operations.

**U.S. BROKERAGE, INC.**  
Notes to Financial Statements (Continued)  
December 31, 2017

**NOTE B – DEPOSITS WITH CLEARING ORGANIZATIONS**

Deposits totaling \$50,139 at December 31, 2017 represent interest bearing accounts held by a clearing organization for the Company, who has possession of customer funds and acts as custodian for all customer securities on a fully disclosed basis.

**NOTE C – ACCOUNTS RECEIVABLE – TRADE**

Accounts Receivable are listed at net realizable value and are considered by management to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**NOTE D – MARKETABLE SECURITIES**

The Company maintains a trading account for marketable securities resulting from trading errors that occur in the normal course of operations. The Company incurred a net loss of \$1,523 from these transactions during the year ended December 31, 2017.

At December 31, 2017, the Company had marketable securities classified as trading securities with a quoted market value of \$3,277.

**NOTE E – FAIR VALUE**

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value on three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to measure.
- Level 2 inputs are inputs (other than quoted prices included in level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data).

The securities reported in footnote E for the year ended December 31, 2017 are equities and were valued utilizing Level 1 inputs with no exceptions noted.

**U.S. BROKERAGE, INC.**  
**Notes to Financial Statements (Continued)**  
**December 31, 2017**

**NOTE F – EQUIPMENT AND FURNITURE**

Assets are carried at cost. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the assets. There was no depreciation for the year ended December 31, 2017. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Equipment & Furniture	\$ 54,944
Less: Accumulated Depreciation	<u>54,944</u>
Net Equipment & Furniture	<u>\$ -</u>

**NOTE G – LEASING ARRANGEMENT**

The Company conducts its operations from leased facilities. The Company is operating under a month to month rental arrangement while a new lease is negotiated. Rent expense for the year ended December 31, 2017 was \$10,800.

**NOTE H – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2017, the Company had net capital of \$23,338, which was \$18,338 in excess of its required minimum net capital of \$5,000. The Company's net capital ratio was 4.41 to 1.

**NOTE I - CONTINGENCIES**

At December 31, 2017 the Company is involved in a lawsuit. The Company anticipates that the suit will be dismissed at which time the case will be taken up in arbitration before a FINRA panel. The ultimate outcome of this case cannot be determined at this time, but management estimates that the total amount of possible loss for the Company will not exceed \$50,000. The Company is also involved in issues that are expected to proceed to arbitration. \$20,000 has been accrued to reflect the settlements that will be paid out in 2018 for these items in arbitration.

**NOTE J – MANAGEMENT REVIEW OF SUBSEQUENT EVENTS**

Management of the Company has reviewed and evaluated subsequent events through February 27, 2018 for possible inclusion in the financial statements for the year ended December 31, 2017. No items were identified for inclusion. The date of February 27, 2018 is the date at which the financial statements were available for issue.

## **SUPPLEMENTARY INFORMATION**

**U.S. BROKERAGE, INC.**  
**Schedule of Operating Expenses**  
**Year Ended December 31, 2017**

Administrative wages	\$ 76,000
Payroll taxes	5,935
Hospitalization	3,635
Rent and utilities	12,611
Registration fees	23,979
Audit and accounting fees	15,186
Office expense	14,469
Telephone	4,751
Postage and delivery	113
Continuing professional education	2,012
Travel expenses	1,009
Professional consulting fees	<u>79,275</u>
 TOTAL OPERATING EXPENSES	 <u>\$ 238,975</u>

The accompanying notes are an integral part of these financial statements.

**U.S. BROKERAGE, INC.**  
Computation of Net Capital  
December 31, 2017

**NET CAPITAL COMPUTATION**

Total stockholders' equity from December 31, 2017 financial statements	\$ 32,721
Less:	
<u>Non-Allowable Assets</u>	
Accounts receivable	7,091
Deposit and prepaids	<u>1,800</u>
	<u>8,891</u>
<u>Haircuts on Securities</u>	
Exempted Securities	<u>492</u>
	<u>492</u>
NET CAPITAL	<u>\$ 23,338</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	<u>\$ 103,026</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT - 6 2/3% OF AGGREGATE INDEBTEDNESS	<u>\$ 6,872</u>
MINIMUM REQUIRED NET CAPITAL	<u>\$ 5,000</u>
EXCESS NET CAPITAL	<u>\$ 18,338</u>
EXCESS NET CAPITAL AT 1000%	<u>\$ 13,035</u>
RATIO: AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>4.41 to 1</u>

The accompanying notes are an integral part of these financial statements.

**U.S. BROKERAGE, INC.**  
Supplementary Information  
For Year Ended December 31, 2017

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER EXHIBIT A OF  
RULE 15c3-3**

U.S. Brokerage, Inc. used Penson Financial Services, Inc. and Hilltop Securities, Inc. during the year ended December 31, 2017 as clearing agents and to perform custodial functions relating to customer securities on a fully disclosed basis. Therefore, U.S. Brokerage, Inc. is not subject to the reserve requirements under Rule 15c3-3.

**INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER  
RULE 15c3-3**

U.S. Brokerage, Inc. used Hilltop Securities, Inc. for possession of customer funds and as custodian for all customer securities on a fully disclosed basis during the year ended December 31, 2017.

Accordingly, U.S. Brokerage, Inc. is not subject to the requirements under rule 15c3-3.

**MATERIAL DIFFERENCES IN COMPUTATION OF NET CAPITAL**

Our audit of U.S. Brokerage, Inc., for the year ended December 31, 2017, disclosed the following difference in the computation of net capital from the broker-dealer's corresponding unaudited Part II A, Focus Report.

Computation of Net Capital per Focus Report	\$ 56,110
Adjustments Due to Year-End Audit Entries	
Current Year audit adjustments	<u>(32,772)</u>
Total Net Capital at 12/31/17	23,338
Less Required Capital	<u>5,000</u>
Excess Net Capital	<u>\$ 18,338</u>
Excess Net Capital at 1000%	<u>\$ 13,035</u>
Ratio: Aggregate Indebtedness To Net Capital	<u>4.41 to 1</u>

**SIPC-7**

(35-REV 6/17)

**SECURITIES INVESTOR PROTECTION CORPORATION**  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation****SIPC-7**

(35-REV 6/17)

For the fiscal year ended 12/31/2017

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

12\*12\*\*\*\*\*2160\*\*\*\*\*MIXED AADC 220  
48635 FINRA DEC  
US DISCOUNT BROKERAGE INC  
US BROKERAGE INC  
17 E KOSSUTH ST  
COLUMBUS, OH 43206-2001

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

**JILL RECKAMP 239-810-9646**

2. A. General Assessment (item 2e from page 2)	\$ <u>486.62</u>
B. Less payment made with SIPC-6 filed (exclude Interest)	( <u>234.27</u> )
<hr/>	
Date Paid	
C. Less prior overpayment applied	( <u>0</u> )
D. Assessment balance due or (overpayment)	<u>252.35</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u>0</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$ <u>252.35</u>
G. PAID WITH THIS FORM:	
Check enclosed, payable to SIPC	
Total (must be same as F above)	\$ <u>252.35</u>
H. Overpayment carried forward	\$( <u>0</u> )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

**US DISCOUNT BROKERAGE INC**

(Name of Corporation, Partnership or other organization)

Dated the 18 day of DECEMBER, 20 18.

(Authorized Signature)

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates:

Postmarked

Received

Reviewed

Calculations

Documentation

Forward Copy

Exceptions:

Disposition of exceptions:



# DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period  
beginning 1/1/2017  
and ending 12/31/2017

Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 843,638

2b. Additions:

(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.

(2) Net loss from principal transactions in securities in trading accounts.

(3) Net loss from principal transactions in commodities in trading accounts.

(4) Interest and dividend expense deducted in determining item 2a.

(5) Net loss from management of or participation in the underwriting or distribution of securities.

(6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.

(7) Net loss from securities in investment accounts.

-1,523

-1,523

Total additions

2c. Deductions:

(1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.

472,101

(2) Revenues from commodity transactions.

(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.

44,176

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.

(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).

(8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 1,428

Enter the greater of line (i) or (ii)

1,428

Total deductions

517,705

2d. SIPC Net Operating Revenues

\$ 324,410

2e. General Assessment @ .0015

\$ 486.62

(to page 1, line 2.A.)

**U.S. BROKERAGE, INC.**  
**EXEMPTION REPORT**

**DECEMBER 31, 2017**

# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Shareholders of  
U.S. Brokerage, Inc.  
Columbus, Ohio

We have reviewed management's statements, included in the accompanying Statement of Exemption Pursuant to Rule 15c3-3, in which (1) U.S. Brokerage, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which U.S. Brokerage, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3(k)(2)(ii) (exemptive provisions) and (2) U.S. Brokerage, Inc. stated that U.S. Brokerage, Inc. met the identified exemptive provisions throughout the most recent fiscal year without exception. U.S. Brokerage, Inc.'s management is responsible for compliance with the exemptive provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about U.S. Brokerage, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to about for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k) (2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Hobe & Lucas*  
*Certified Public Accountants, Inc.*

Independence, Ohio  
February 27, 2018

Independent Member

**B K R**  
INTERNATIONAL

Firms in Principal Cities Worldwide

**U.S. Brokerage, Inc.**  
**Agreed-Upon Procedures Report on an**  
**Entity's Schedule of Assessments and Payments**  
**December 31, 2017**

# Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900  
Independence, Ohio 44131 Fax: (216) 524.8777  
<http://www.hobe.com>

## Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon Procedures

To the Shareholders of U.S. Brokerage, Inc.  
Columbus, Ohio

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by US Brokerage, Inc. and the Securities Investor Protection Corporation (SIPC) with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of US Brokerage, Inc. for the year ended December 31, 2017, solely to assist you and SIPC in evaluating US Brokerage, Inc.'s compliance with the applicable instructions of General Assessment Reconciliation (Form SIPC-7). US Brokerage, Inc.'s management is responsible for US Brokerage, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SPIC-7 with respective cash disbursement records entries, including the general ledger, bank statements and copies of checks, noting no differences;
2. Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2017 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2017 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers (Excel spreadsheets derived from the general ledger) that were prepared by management noting a difference of \$54;
4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers (Excel spreadsheet derived from the general ledger) that were prepared by management supporting the adjustments noting no differences; and
5. Not applicable – there is no overpayment.

Independent Member

**B K R**

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We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Hobe & Lucas  
Certified Public Accountants, Inc.

February 27, 2018

# Hobe & Lucas

Certified Public Accountants, Inc.

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders of  
US Brokerage, Inc.  
Columbus, Ohio

We have audited the accompanying statements of financial condition of US Brokerage, Inc. as of December 31, 2017, and the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial positions of U.S. Brokerage, Inc. as of December 31, 2017, and the results of its operations and cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of US Brokerage, Inc.'s management. Our responsibility is to express an opinion on US Brokerage, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to US Brokerage, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Independent Member

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## Supplemental Information

The Supplemental Schedules of Operating Expenses, Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, Computation for Determination of Reserve Requirements under Exhibit A of Rule 15c3-3, Information Relating to the Possession or Control Requirements under Rule 15c-3 and Material Differences in Computation of Net Capital have been subjected to audit procedures performed in conjunction with the audit of U.S. Brokerage, Inc.'s financial statements. The supplemental information is the responsibility of U.S. Brokerage, Inc.'s management. Our audit procedures include determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presenting in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Hobe & Lucas  
Certified Public Accountants, Inc.

We have served as U.S. Brokerage, Inc.'s auditor since 2009.

Independence, Ohio  
February 27, 2018